

A Work Project, presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA – School of Business and Economics.

**LOGOPLASTE:
CONQUERING THE WORLD ONE BOTTLE AT A TIME**

Matilde Madeira Moreira da Cruz

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A Project carried out under the supervision of Professor Alexandre Dias da Cunha

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ABSTRACT

The “Logoplaste: Conquering the world one bottle at a time” case is based on the real story of the Botton family and their journey to build the globally known company Logoplaste. Famous for its “hole in the wall” strategy within the plastics industry, Logoplaste is not only one of the major plastic bottles manufacturers in the world, but also a company which has been proving us that a shared leadership system can be successful within a family business. This case intendeds to demonstrate the dynamics of a family business, illustrating the complexity of the decision making process and how they have successfully mastered dual management in a family firm. Moreover, it also aims to demonstrate that a family firm can be managed in such way that sustainable growth, as a key pillar, can be enabled through a strong focus on internationalization and innovation. A teaching note is available at the end of the case in order to guide students and teachers in their readings. Discussions questions, for debate in class environment, are also provided together with suggested answers drawn together to increase the critical sense and theoretical application of the themes studied in class.

Family Business

Succession

Agency and Resource Based View Theories

Shared Leadership

LOGOPLASTE: CONQUERING THE WORLD ONE BOTTLE AT A TIME

PART I

“In 1996, in a warm winter afternoon Filipe is driving his car, lost in thoughts about his father’s business. Questions rush through his mind, how to make the business grow, break international barriers, become a benchmark in innovation for the global plastics industry? A strange feeling streams through his body, after all he is not at all comfortable to picture himself alone in this position. But, who could be the right person to go along him in this big adventure? Should he rely on his family members or, on the other side, follow his instinct and share company’s management with a former college colleague and family friend...”

“A BOTTLE IS BORN”¹

The Second World War was at its climax. Poland, Norway, Belgium, Denmark and Netherlands had already been conquered by the German army. France was the next country in the line to be occupied by the Nazi troupes. In 1940 tanks broke through the French defensive lines and Paris was at last conquered by the Germans.

In 1943 Marcel de Botton, a young French-man aspiring to be a doctor, escapes the Nazi regime, along with his family (mother and father), and rushes to build a new and better life. Portugal was the chosen country. What Marcel did not know was that his long-time dream of helping people through his Medicine had its days numbered. After all, the Portuguese University did not accept as equivalent any medical studies he had done in France. Marcel was faced with two options to support his family with low financial resources: begin the medicine course all over again or start working on a different field. As a very disciplined and focused young man, he decided to start working right away with his dad in a glass ampoules factory, where he worked till 1958.

¹https://www.youtube.com/watch?v=f_f132bE2uw – “Logoplaste bottle is born” video.

In 1958, Marcel founded his first business, Titan, a plastic factory, pioneer in the construction of PVC packaging for drugs. However, it was not long till Marcel had to face, once again, the impact of a revolution. Back in 1974, Portugal was fighting its way out of a dictatorial regime, named Estado Novo, and struggling to establish a new democratic society, under strong socialist orientation. During this period several factories and companies were occupied and captured by its workers, who demanded better working conditions and stakes in the firms. Titan was not an exception, and soon Marcel figured out it would be impossible to manage the company under this circumstance. For once more he was put to the test, having to find out a way to overcome this situation, with a major problem to solve: he had to find a way to control the company without risking losing it once again.

The answer to this dilemma came quickly and led to what would become a success beyond any expectations: the idea would be build small plastic factories inside its clients' facilities. If a revolution stroked again, the probability of him losing everything, when having smaller factories, decreased. A simple, fast and totally innovative concept of industrial management was created – the “hole in the wall” strategy.² The concepts of just-in-time, nearby and integration of supply chains were not common at the time, aside Japanese and American factories, but its use in the Portuguese plastics industry was clearly an innovation, one that proved to be a victory.

Although his father always said: “My son, there will be no place for the plastic industry in the future!”, Marcel decided to devote his body and soul to "the non-future: plastics".³

Logoplaste was built under this new strategy with two factories. The first one was connected to Yoplait in the north of Portugal, manufacturing yogurt bottles. The second factory was connected to Nestlé and produced covers for Nescafé bottles.

² To learn more about this concept consult the optional readings presented at the end of the case.

³ (Costa, A. 2013)

THE NEXT GENERATION

Filipe de Botton joined the company in 1976 as an assistant to his father. At the time, Filipe was still studying and used his financial knowledge to support the company, mainly by filling grant request forms to raise further investment in the industry. He also had a role in the commercial department, visiting new clients from time to time, namely from the pharmaceutical industry which needed packaging for their products.

His relationship with Logoplaste started way before at home, where he continuously heard his father talking about company matters. Filipe walked down Logoplaste's (formerly named Titan) hallways since he was a little boy, building a strong emotional bond with the company since its early days. At his boyhood, during summer holidays, he worked at the factories, performing different tasks, from helping in the mold workshop to overseeing the machinery, always in shifts.

Although Marcel, his father, drove every day to the same factory where Filipe was working, he never gave him a ride. This was his way to teach him how hard was working life, just like any other employee he had to wake up early to catch the morning train every day.

In 1976, while working at Logoplaste, Filipe also had the opportunity to represent a French bank in Portugal. To face this new challenge, he later on invited his former college friend Alexandre Relvas. Together, they acquired the representation of different banks in Portugal and decided to found Interfinança, a financial company focused on asset management. In 1991, Alexandre was invited to join the government, having to leave Filipe managing their company on his own.

Filipe's working relationship with Logoplaste matured, and in the 90's he already had an important role in the financial matters of the company and was deeply involved with all business related decisions.

With the exit of Alexandre, Filipe decided to sell out their asset management company, earning some capital from this transaction. The moment when Filipe had to choose whether to invest the outcome on his own business or in his family's business had arrived. Moreover, Filipe also had to choose if he wanted to pursue a career in the financial sector, a totally different industry than his family's business (he had the opportunity to open a Private Bank with UBS in Portugal) or devoting his time and effort into Logoplaste expansion.

Filipe chose to invest the money on the family business, the one that he grew up with. Although having a strong family unity and a good relationship with his sisters (Exhibit I), Filipe decided to talk with his father about the opportunity to buy a participation in the company, so that his sisters did not felt that there was some unfairness with the running of the business. None of his sisters ever had a strong link to the company - the younger one was taking care of her children and the older one worked for a few years in the company but had no interest in pursuing a career in that field. However, both sisters and their families were always present in the company celebrations and important milestones.

Marcel de Botton decided that it was time for the company to have a new leader, and thought it was the right opportunity to move the business onward to a new generation, giving Filipe the chance to fill his shoes on the company. With already 65 years old, 14 of them spent working on Logoplaste, Marcel decided it was time to step back and transfer the decision power to Filipe, assuming the position of chairman. At the age of 34, Filipe becomes Logoplaste's CEO, assuming all the responsibilities related to the company.

LOGOPLASTE EXPANSION

In 1992, after one year leading Logoplaste, Filipe felt the company was capable of doing more, and operating just in Portugal was not enough. He decided that it was time for Logoplaste to explore new markets, outside Portuguese barriers. The decision to

internationalize was a bold one: Filipe was a young CEO, with limited experience regarding internationalization of a company. However, he had a strong vision about Logoplaste's future, and was counting on his deep knowledge and emotional ties to the company to serve as guidance for his decisions.

He decided to start with the "neighbor" country, Spain, a logical choice since it is the only country that shares physical borders with Portugal. However, even though all the effort and commitment, after a couple of years, the Spanish market was not yet delivering the expected outcome. The lessons learnt from this first experience proved to be valuable along the way, as Filipe began to exploring new markets.

One day, Marcel approached Filipe asking him to travel on his behalf to an international plastics' confederation in Brazil. Filipe saw this as an opportunity to explore the Brazilian market, and scheduled five meetings to occur during the week he would be present at this event with Bombril, Colgate, Reckitt Benckiser, Nestlé and Danone. With these meetings Filipe expected to learn more about the plastics' market in Brazil, and all the contingencies involved in working in this market with these top companies.

At the time Danone Brazil was dealing with major quality issues with their plastic supplier. Filipe used his social skills and persuasion to find a way to have a conversation with Danone's purchasing director who revealed that on the following day Danone's board of directors would have a meeting to discuss this problem. They were considering two options – buying the suppliers' factory and manage themselves the production site or finding another supplier that would meet their high quality standards.

Filipe had less than 24 hours to present a serious and reliable proposal highlighting the benefits of having Logoplaste as a partner and supplier. At the time communication resources were scarce, so Filipe had to build a proposal out of his knowledge and what he had on mind

only. This proposal had to meet two criteria, be in line with Logoplaste's capacity and meet Danone's standards. By having a deep connection with the company, Filipe already had two persons in mind who could help him make this business possible. All the time he had spent working in the financial department proved to be very helpful in order to be able to weight the resources needed to invest in this new production site.

On the morning of October 5th, in a daring move, and confident that Logoplaste was able to respond to this new challenge, Filipe sent the proposal to Danone's directors. A few hours later Filipe received the good news: Logoplaste had just won a new factory facility in Brazil, all this in less than 24 hours.

In 1993 Logoplaste signed another contract in Brazil, the industry in Spain was gaining maturity and the business in Portugal was growing positively. The internationalization helped Logoplaste to build its reputation in Portugal, gaining more contracts and increasing confidence of more companies in its services. Logoplaste was achieving a significant role in the Portuguese market, growing from 8 to 12 million € in global sales. Nonetheless, Filipe was still not completely satisfied. For him, it was time to explore Europe as ground for his big next internationalization move.

THE FAMILY FIRM'S FUTURE

With such rapid growth, quickly came the need for Filipe to have a managing team reporting to him. Without it, he would not be able to become a stable and strong player at the global plastic market. At a first thought, Filipe knew the right person to join him on this big adventure was Alexandre, his close friend and longtime business partner.

However this decision raised several questions. Would his family accept bringing an outsider to Logoplaste? Would Logoplaste's strong family heritage and culture prevail with a non-family member leading important business decisions? Would Alexandre be aligned with

Filipe's vision? Or should Filipe think of a capable family member to join him in the management of the company instead?

The decision eventually came through. With a strong proposal in mind and preparing his best persuasion lines, Filipe headed to convince his friend to accept the offer and come to build the Logoplaste that he dreamed of. What would it take for Alexandre to accept?

Filipe had to think carefully on how to approach his friend, creating a proposal with value, taking into account not only the development of the company, but also Alexandre's personal development.

Nonetheless, Filipe was still wondering if his father was in accordance with this situation and if he would have his support towards the family when he had to present them with his choice...

EXHIBITS PART I

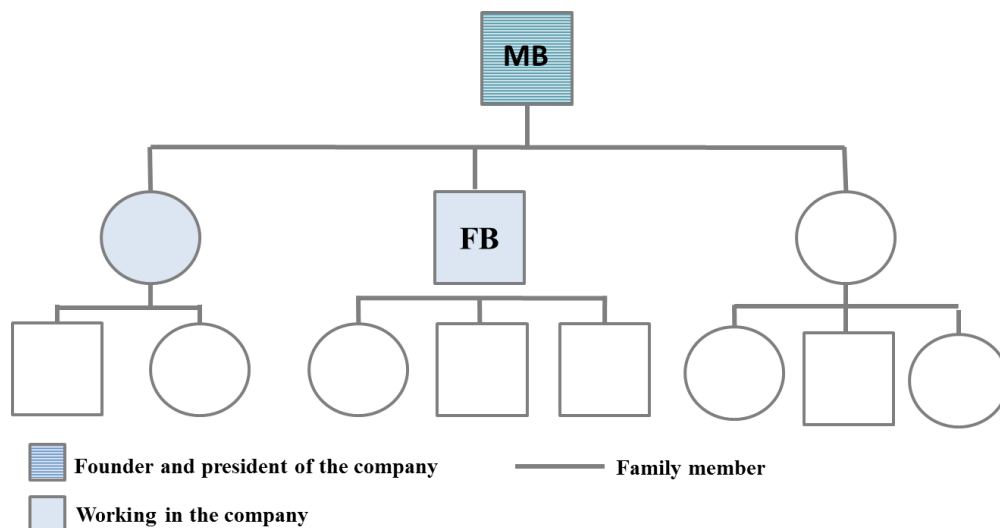


Exhibit I Botton Family's Genogram (90's)

Source: Created by case writer

PART II

“TWO IN A BOX”⁴

In 1997 Alexandre entered the company, sharing Logoplaste’s management and ownership. Along with Filipe, Alexandre assumed the role of CEO, making Logoplaste one of the few global companies managed by two CEO’s at the same time.⁵

Marcel supported his son’s decision, as he has always been aware of the choices and vision that both have for the company. From the first day, Marcel dealt with both Filipe and Alexandre as equal allies, deeply trusting on both. Alexandre as always been seen by the entire family as Marcel’s fourth child, and everyone in the family has this feeling towards him. Alexandre is one of them.

Alexandre and Filipe have always worked very well together. Their working dynamic is unmatched since college times, as they fully trust each other’s decisions and beliefs. Both have confidence and respect on each other’s decisions, and do not contradict or change the others verdict. When the two CEO’s disagree they respect each other’s point of view and work together towards a decision that is best for the business and both stand for.

Even though they share the same moral and ethic values, when it comes to temperaments one is everything the other is not. Filipe is more creative, flexible and a visionary person, which has the power to guide and inspire teams, winning their trust and admiration very easily. Alexandre is more down to earth in his decisions. With a strong academic record, he is more pragmatic and has a remarkable ability to rapidly analyze scenarios in its entirety, helping Filipe to materialize his ideas. Both share the desire to achieve increasingly more, to avoid stagnation and to challenge each other by stretching their own limits a little further. Moreover,

⁴ Joseph L.Bower in “*The CEO Within: Why Inside Outsiders Are the Key to Succession Planning*”

⁵ Oracle, Chipotle and Whole Foods are some examples of companies managed by two CEO’s.
<http://www.businessinsider.com/why-major-companies-have-2-ceos-2014-9>

both are very self-aware and self-confident allowing them to be assertive in their relationship, leaving their “egos at the door”.

From the first day working together that Filipe and Alexandre share the same room, with their tables turned face-to-face, only separated by a large conference table where they receive their guests and host their meetings. Sharing the same office was not something they had to think a lot, in fact it happened naturally. During their daily routines they spent most of the day together, meeting in the conference room and therefore sharing the same space would not only improve their efficiency, but also allow them to continuously share their ideas and better coordinate their work. Moreover, their long-time friendship was a key enabler in making sure neither of them ever felt intimidated by the opinions or decisions of the other.

This situation also contributed to a very close synchronization of the company affairs, since they share information in a more solid and fast way, which contributes to a more informal and effective approach to the company’s management. Both assume that the intimacy they share is something rare to find in the business environment, they can almost read each other’s mind so there is no need for constant reporting.

Despite Logoplaste’s expansion, this management model has remained strong and efficient throughout the time, reducing the complexity of information exchange, leading to more effective decisions. The CEO’s also feel more confident to take on more risk, as they encourage each other to do so in a competitive, yet sustained way.

This partition of space happens not only physically at their office, but also geographically when it comes to the distribution of countries under the CEO’s management. This division implies that each CEO is responsible for predefined areas, dealing with all the affairs concerning each production site (Exhibit II and III). When a new client comes in, or an older partner wants to meet, the face who they deal with is always the same, Filipe or Alexandre.

However, both are aware of everything that happens on the other's business locations, since sharing the office allows them to build some flexibility in their decision-making process, decreasing time of response while leveraging business growth.

LOGOPLASTE TODAY

At the beginning Logoplaste's competitive advantage was mainly focused on responding to clients' needs in a different way than their competitors, questioning every production and design idea their clients had, in order to ensure that the final product had the highest quality and optimally served its purpose. In order to differentiate the company in aglobal market machinery was not enough, so Filipe and Alexandre started an innovation department in the company to leverage their uniqueness in the plastics market as well as to improve their positioning towards competitors.

Re-thinking and re-questioning processes and ways of doing things are in the DNA of the "Innovation Lab", which is formed by a team of fifty people in two different locations: at the company's headquarters in Cascais and in Chicago.

Nowadays, Logoplaste is present in 17 countries and is worldwide famous for its innovative process of designing bottles (applying design thinking strategy to solve its partners' challenges and proactively bring new ideas to the discussion board), and by its fast, flexible and tailored response to specific client needs.

Nonetheless, the dream is not yet over. Both CEO's expect that in a horizon of five years Logoplaste will double its dimension (achieving one billion € in revenues), mainly by investing even more in innovation, with a strong intervention in the European and North American markets. It is also expected that the Innovation Lab will double its size, concerning the outputs and intervention capacity. According to the observed trends in the plastics industry, both CEO's anticipate the extension of Logoplaste's intervention to different areas,

such as filling. Nowadays, and when it comes to technology, it makes sense to integrate this stage of production at several customers' sites, upgrading Logoplaste's response to client's needs.

The focus on a "family culture" is not forgotten, and both CEO's have a deep affection and pride in the company's history and roots. Besides having Marcel almost every day present in the company facilities, the duo still discusses and shares insights with the company's founder. One of their main challenges is to sustain and surpass the company's culture: a family company with highly professional people and with very strong core values stretched across the globe.

"That is what our challenge is, as we grow in several geographies, in Malaysia, or in Canada, Mexico, Brazil, Ukraine, how do we keep up with different geographies, different local cultures, different kinds of people, with a different perception of the world, with different behavior, and how do we keep exactly the same core values? The most important thing at a human company is to express feelings and I think the big difference today is that you can ask anyone who heads a factory, a shift, or a country to express the passion in what we do. That is extremely important, to transmit the feelings, to transmit the passion in everything we do and in the way we do it (Alexandre Relvas, 2009)".

And when it comes to think upon the role of the third generation (Exhibit I) in the company Filipe laughs, and modestly states that *"When it comes to this subject I am very different from my father. I do not have even half of my father's focus and discipline as an educator of my children; with me they will not be so lucky."*

EXHIBITS PART II

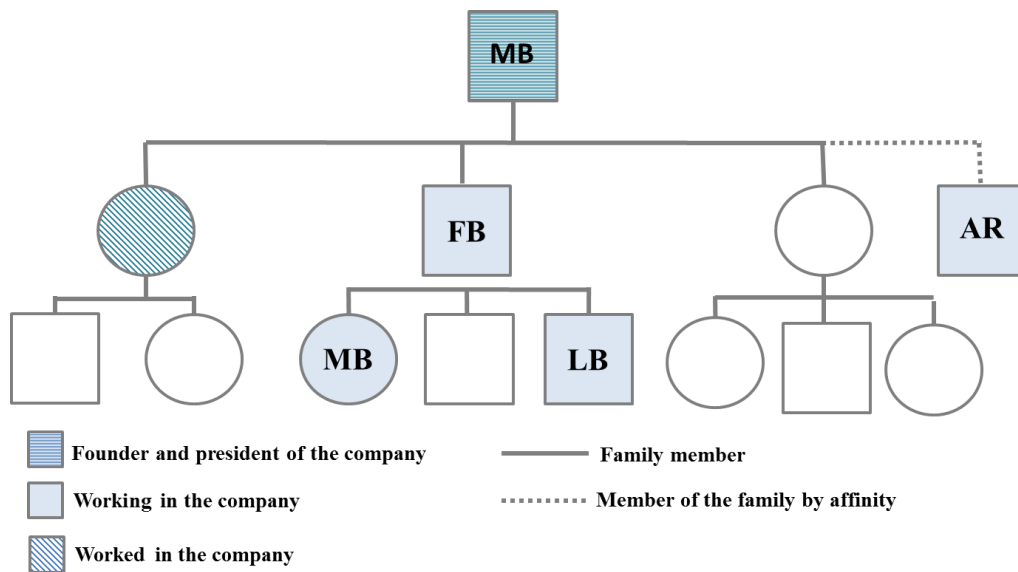


Exhibit I Botton Family's Genogram (2015)

Source: Created by case writer



Exhibit II Logoplaste's geographical presence (2014)

Source: Logoworld Magazine 2014

Filipe de Botton		Alexandre Relvas
Brazil – 1995	Mexico – 2008	Portugal
UK - 1999	Holand – 2008	Spain – 1992
Italy – 2002	Ukraine – 2009	France – 1998
Czech Republic – 2005	Russia – 2010	Malasia - 2009
Canada – 2006	Poland - 2016	Belgium – 2011
USA - 2007		Vietnam - 2012

Exhibit III Countries under each CEO supervision (2015)

Source: created by case writer

TEACHING NOTE

OVERVIEW

The “Logoplaste: Conquering the world one bottle at a time” case is based on the real story of the Botton family and their journey building the globally known family company Logoplaste. The case presents the history of the company since the founder built it, presenting the challenge of the second generation of choosing one partner to share the management of the business.

It was intended to demonstrate the dynamics of a family business, illustrating the complexity of the decision making process, the transfer of power to the next generation and the success of a dual management team. The case was also projected to be an example of a family firm that can be managed by a team of family/non-family members, with a strong focus on internationalization, having innovation as a pillar for its growth.

The case addresses concepts linked with the family business field, and aims to be a catalyst for class discussion regarding shared leadership model of governance.

TARGET AUDIENCE

The reading and discussion of this case is recommended to be done in courses linked to the family business field, undergraduate or graduate. Students are expected to be familiar with the basic concepts and specificities of a family versus non-family company, namely the three circle model, the agency theory as well as the resourced based view theory, as they apply to Family Firms.

It is also anticipated that students can identify the differences between an owner and a CEO, a family and non-family member. It is also expected that students have the notion that there may be companies who share the position of CEO in its governance structure.

LEARNING OBJECTIVES

- Identify the particularities of a family business, namely by applying theoretical concepts into a real life family business case;
- Observe a different path of succession chosen by a family business;
- Differentiate a family vs non-family member position in the management of a family company identifying the delicate balance needed in this role;
- Analyze the shared leadership governance model and recognize its weakness and strengths.

DISCUSSION QUESTIONS

Discussion questions are divided in two groups: question 1 to 3 approaches situations linked with Part I of the case and the last question, number 4, addresses the second part of the case. The discussion of the questions is predicted to last for 90 minutes, counting with 15 minutes for introducing the case and 10 minutes to wrap-up the discussion.

Question 1 - How would you describe the transfer of power between Marcel and Filipe, during Filipe's first years at the company? Comment the succession issue applying theoretical models learned in class, and exemplify with moments found in the case.

Question 2 – If you were Filipe and had the opportunity to leverage a family business, what decision would you have taken regarding the leadership of the company? Would you continue the business expansion alone or not? What questions should Filipe be asking himself?

Question 3 – If you were in Alexandre's position, would you accept the challenge of working in a family business, sharing the management with the son of the founder? Why?

Question 4 - In this particular case, explain which are the main factors that allow this co-CEO model to work. Do you agree with this type of shared leadership system? Why?

TEACHING PLAN

- Introduction of the case listing the key events that happen to the family and to the company. End discussion with a clear summary of Part I of the case and the identification of the key challenge faced by the main character (15 minutes).
- Present questions 1 to 3 and choose one or two volunteers to respond, generating class discussion and exchange of ideas to reinforce the students' knowledge experience (40 minutes).
- Allow students to read Part II of the case and respond to question 4 in groups. Choose one or two groups to present their thoughts to the class (25 minutes).
- End the class with a reminder of the key takeaways discovered together, and present the optional readings for additional knowledge on the company (10 minutes)

RECOMMENDED READINGS

Before start working on the case is recommended that students are familiar with several theoretical concepts that they can further analyze in the following readings:

- Poza, E. J. (2010). The nature, importance, and uniqueness of family business in *Family Business (3E)* (pp. 231-246). South-western Cengage Learning.
- Poza, E. J. (2010). Key Nonfamily management: the visible commitment to managing the family business professionally in *Family Business (3E)* (pp. 231-246). South-western Cengage Learning.
- Alvarez, J. Svejnova, S. & Vives, L. (2007). "Leading in Pairs". MIT Sloan Management Review, Vol.48 n°4, page 10-14.

OPTIONAL READINGS

To learn more about Logoplaste, the following articles will serve to better understand the company's strategy and way of working in the plastics industry.

You may also visit the company's website www.logoplaste.com and read their magazine Logoworld to get to know the company better.

- Alcácer, J. &Leitão, J. (2013). Logoplaste: Global Growing Challenges. HBS N° 9-711-411. Harvard Business School Publishing.
- E. Baraldi et al. The supplier's side of outsourcing: Taking over activities and blurring organizational boundaries. *Industrial Marketing Management* 43 (2014) 553–563.

DISCUSSION

Question 1. Succession and continuity are one of the key elements that contribute to the uniqueness of a family business. Preparing the next generation and building a strong succession plan while balancing family harmony, competitive success and ownership returns reveals to be one of the most important reasons why family firms fail or succeed. While attempting to pass the business to the next generation, founders may fall in ineffective patterns of succession (Poza, 2010).

In the case of the Botton's family we can identify situations that point towards Marcel's willingness for his son to follow his footsteps, placing him into numerous learning situations and in contact with the business from an early age (spending the summers working in the company and working as an assistant are two examples). When applying the three circle model we can argue that the three subsystems – family, ownership and management – were integrated in such a way that allowed the organization to perform optimally. Moreover, and analyzing the case and the family genogram, it is possible to understand that the three

subsystems are present in the company history, having a strong impact in the running of the business. From a systems perspective, it is clear that the family business has faced different alignments, as the next generation joined the firm and the founder aged; the company accelerated its growth and invested in innovation.

Categorizing this business according to the system theory leads us to a joint optimization capacity of running these three systems. Through a strong family unity (all family members are always present in the company's celebrations and important milestones), an effective strategic planning, a clear vision and solid management practices, Logoplaste is able to balance all the three subsystems needs and goals.

By having a commitment to the business continuity, Marcel engaged Filipe with the company, without voiding his opportunities to learn and grow outside the company. The decision of leaving the business to his son shows that Marcel had a commitment to something larger than himself. His dedication to pass a healthy and thriving company to the next generation, besides being always linked to the business as president, reveals a strong concern with the legacy and impact of his business not only on his family but also on society.

Regarding the passage to the next generation, it is also plausible to apply the resource based view as a source of competitive advantage of the firm. Not only Marcel was able to build a business in a market niche, resulting in higher returns on investment, Filipe was also capable to take the next step, protecting the name and reputation of the family by investing in innovation for high quality services. So far, all the generations have contributed in a positive way to the business, achieving a healthy family-ownership-management interaction, with family unity and transfer of knowledge between generations. This translates into an ability and agility to change accordingly to the market needs, investing in long-term relationships with partners and customers (Poza, 2010).

Question 2. With this question students can come up with two scenarios: keeping Logoplaste managed by family members (such as the older sister that used to work in the company) or instead support Filipe's vision and choose to have a non-family individual by their side. With this second option Filipe is able to contribute to the reduction of one of the highest specific agency costs that arise in family firms.

The founding families are different from other shareholders in at least two respects (R.C. Anderson et al): "the family interest in the firm long-term survival and the family concern for the firm and family reputation". In the specific case of family firms, the families view their companies as an asset to pass to their descendants rather than wealth to consume during their lifetimes. It is normal in family business to name a member of the family to become the firm's CEO, influencing agency cost conflicts. By holding the role of CEO, families can easily align their own interests with the firm's activities, which will reduce the agency costs of debt relatively to non-family firms or families with outside CEO's.

However, by bringing a non-family member to the running of the business Filipe is able to break a self-imposed selection criterion that could lead to the increasing of agency costs in the business such as: free-riding, conflict between family members, reluctance in the transfer of power and biased perceptions in the business (Poza, 2010). Thus, by having already worked in the past in successful business ventures with Alexandre, and sharing a solid friendship with him, this situation seems to be one where both will contribute positively to the business.

However, it is common that families raise concerns about the agent's (non-family manager) commitment on managing the family's wealth with the same vigilance as if it were his own (Klein, 2007). It is also valid that students think that it is better for the business to continue only with family members as managers-owners. Students can argue that bringing someone from the outside is a dangerous move, as it can destroy the family culture and unity, leading

the business to a future that not everyone in the family agrees. The family may also need to tackle a “moral hazard” (Klein, 2007) problem as the non-family member might use his autonomy in order to serve his own interests and goals, which may not be aligned with the ones of the family. Controlling this behavior will, in the long term, induce high costs on the company.

It is a delicate decision, and some questions regarding the presence of a “stranger” might come up such as: will he worth the money? Will he be loyal and trustworthy? How will he get along with the family and their values?...

It is also important to highlight the future of the company after this decision – will it continue to be 100% family owned, or should Filipe invite Alexandre to be part of the company’s capital structure? And if this happens, which are the consequences to the way of doing business and the culture of Logoplaste? By entering the company which position should Alexandre fill? How would Filipe retain and motivate him? Start a class discussion on these topics to bring all options into the table.

Question 3. The perspective of a non-family manager in a family firm is very specific, since there is the need to weight the dilemma of the family-business binomial (Poza, 2010). On one hand these managers need to perform their jobs in the most professional and efficient way, on the other hand they need to deal with family affairs that may be too personal and might even lead to conflict zones within family members⁶. It is crucial that these managers feel comfortable in the delicate position of performing their tasks while keeping a positive family harmony. By accepting this position Alexandre will embrace all the implied job responsibilities of the job plus the managing of the relationships between family members.

⁶ <http://www.thefbcg.com/How-to-Succeed-as-a-non-CEO-family-business/>

However, the possibility of joining a family-owned company will give a non-family manager an environment of informality rarely found in corporate environments. Moreover, non-family executives expect a family business to be less bureaucratic with fewer hierarchies (Klein, 2007).

“Will my ideas be heard? Will I be treated as an equal with the family? Will I have to take sides on family disputes?” are some of the issues that can worry a non-family manager. In Alexandre’s case he might even question if the father-son relationship between Filipe and Marcel will damage or reduce his position within the company.

Compensation and benefits are two important issues when talking about non-family managers (BDO, 2010). In this case, it is possible to assume that Alexandre will take into consideration not only the compensation package offered by the company but also the chance to work with a friend, in a different environment than the government one, or a non-family corporation.⁷

Assuming that Alexandre will share the management of the company with Filipe, will they be paid equally? Will Alexandre also take part of the capital structure of the company? And regarding bonuses, how will they be applied? Those are some examples of important questions that Alexandre needs to take into consideration when thinking about Filipe’s proposal.

It is also important that Alexandre identifies himself with the family culture, to feel comfortable while working in the company. Feeling like an outsider is a danger that non-family executives may encounter when they are not appreciated in the company or when their contributions are not valued. (Poza, 2010)

⁷ <http://www.familybusinesswiki.org/Nonfamily+Managers>

A correlation between job satisfaction, compensation packages and being close to the owning family (Klein, 2007) seems to be promising factors when choosing a family business versus a corporate one.

Question 4. The co-CEO model is not common. However, previous implementations suggest that having more than one “captain of a ship” can help a company accomplish more, by delegating different roles to each individual. Also referred as “two-in-the-box” (Bowder, 2007), this shared leadership structure holds out the promise of a more efficient decision-making capacity, additional skills at the top management and lower risk of CEO burnout. The number of family businesses incurring in this co-CEO model has nearly doubled in the past decade to about one in five (Frauenheim, 2009). This shared governance model is very much evident at family-firms, where accordingly to a MassMutual insurance provider study, 20% of family-owned companies had two or more people serving as co-CEO’s in 2007⁸. However, its vast majority presents two or more individuals in the management of the company with a family bond linking them, which is not the Logoplaste’s case. The same study states also that 35% of the companies said that they would consider co-CEO’s in the next generation of their companies. The paired leadership model implies that two or more people share/split the decision-making responsibilities, the power, in an organization. The co-CEO model may arise from different situations, from a corporate merger, a succession plan (when the successor acts as a co-CEO for a certain period in time or when the successor is not ready to assume these responsibilities) or situations where there are two co-founders of the company. When analyzing the specific case of Logoplaste we can encounter some evidences of characteristics that contribute for the success of this dual management team:

⁸ <http://www.workforce.com/articles/co-ceos-two-at-the-top>

- **Close communication** – Communication seems to be the key to the success of this model. The CEO pair felt that they were all day near and constantly checking with each other, which lead them to the decision of sharing a room. With this decision they were able to overcome one dangerous barrier on this structure. Both are aware of each other work, decisions and daily routines. This situation contributes to a more flexible and focused management style, where decisions are easier to make and risk is rapidly mitigated. Communication, collaboration and transparency are the key to work together and solve problems. This CEO team communicates at a level where they read each other's thoughts, without having to report to each other constantly.
- **Healthy relationship** – by sharing a long-time friendship Filipe and Alexandre consider themselves more than simple business partners, they consider themselves brothers. Even the Botton's family thinks that Marcel treats Alexandre as another son. Both share a strong sense of respect and consideration for one another which leads to a healthy and prosper relationship between the two. In fact, the same personality traits and interpersonal skills that make for a solid friendship are also vital leadership skills in this business structure.
- **Trust in one another**–the CEO duo trusts and respects each other decisions as law. They do not contradict or change the decision of one another. After several years working together, Alexandre and Filipe share an unparalleled intimacy, where both can imagine what the other will decide without even discussing it.
- **Distinct responsibilities**– having different roles and responsibilities within the company help mitigating the confusion among workers and costumers on whom/how to solve problems. To avoid tripping on each responsibilities every time, Filipe and Alexandre decided from the very begging to have their responsibilities divided by geographic regions, a common decision accordingly to Maria Arnone, which states that “when going abroad,

co-heads often took primary responsibility for different regions because of cultural factors or language skills”. Each one is responsible for the entire business affairs with a certain group of countries, that identifies the individual as the “face” of power and the decision maker in the company. The duo respects this division and they do not try to interfere with the area of responsibility of each other. This situation also allows the corporate structure to be more dynamic, where responsibilities can be shared and delegated and tough decisions can be analyzed by an extra pair of eyes.

- **Power-sharing**—It takes discipline to be able to consult when appropriate, make a decision when needed and not go over a decision already taken by the partner. By sharing the power CEO’s are gifted with the possibility of having someone to consult before taking a more delicate decision, or discuss something that is disturbing them with a person that they trust and respect. The pair is willing to share the spotlight and to avoid power struggles that do not lead to a successful company. When the CEO’s disagree (which is normal in every relationship) they respect each other point of view and work together for a decision that both stand for. It is not about being right or wrong it is about being collaborative towards solving a problem.
- **High self-awareness and self-confidence**—both CEO’s have these two distinctive characteristics, which allow them to be assertive in their relationship. They are also very persuasive and able to draw the attention of everybody on their subjects and concerns. By having these personalities they are able to contribute to a healthier relationship where “egos are left at the door”.
- **Complementary skills sets and personalities**— to be successful a co-CEO structure normally implies matching a “left-brain, task focused leader” who is good with analysis and problem solving (Alexandre) and a “right-brain” who is more people focused, able to

develop talent and build relationships (Filipe) (Arnone & Stumof, 2010). As reflected in the case, Filipe and Alexandre are complements of each other, regarding their personal and educational experience. Both present personalities that together add more value to the company than alone. Their dynamic has shown that they are stronger together than alone.

- **Clear and focused communication** – no conflicting messages can pass from the CEO office doors out to workers. It is important to maintain and contribute to business agility with a strong power of decision, not allowing inconsistent messages from the different leaders to convey into ineffective situations.

Are two heads better than one? In this case the old adage seems to prove every day its veracity. Filipe and Alexandre seem to be speaking with “one voice”, sharing the same vision and unified strategy while having their core values fundamentally aligned (Alvarez, 2007). But when it comes to next generation, will this governance system work with different “actors”?

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APPENDIX

TEACHING NOTE – COMPLETE VERSION

Teaching this case begins in the previous lesson, asking students to read the Part I of the case, challenging them to think about possible answers to discussion questions 1 to 3 presented above in this section. Additionally, it will be necessary to remind students to recall the theoretical concepts, as they may resort to the recommended reading articles to contextualize and enhance their knowledge on these topics.

Start the class with a 15 minutes introduction of the case story, asking students to exemplify the different stages of the narrative, listing the key events that happen to the family and to the company. This introduction should result in a clear summary of the first part of the case, ending with the identification of the major challenge and decision being made by the main character. Present questions 1 to 3 and choose one or two volunteers to respond, generating class discussion and exchange of ideas to reinforce their knowledge experience. The discussion of these three questions may take 40 minutes, as you may have already a good list of points previously presented in class by students during the opening summary.

Allow students to read Part II of the case, and present them with question 4. This question should be taken in groups of 3-4 students during 25 minutes, to allow them to put themselves in the shoes of the CEO team and see what contributes to their work dynamic. Ask them to list and present to the rest of the class their thoughts about the model of management followed by the company (you may choose only one or two groups to present their ideas).

End the study of the case with a reminder of the key takeaways discovered together in class, and present the optional readings for additional knowledge on the company.